



Pension Indices by TELUS Health.

November 30, 2025

Navigating surplus:
Governance, equity, and sustainability.



The Pension Indices by TELUS Health, released monthly, condense the journey that pension plans have experienced during the year into a few key statistics. More importantly, they also provide an early indicator of the challenges and opportunities that are yet to come for plan sponsors and administrators to help with the monitoring and management of their pension plans.



Highlights

In November, the funded status of a typical pension plan slightly increased on a solvency basis but decreased on an accounting basis.

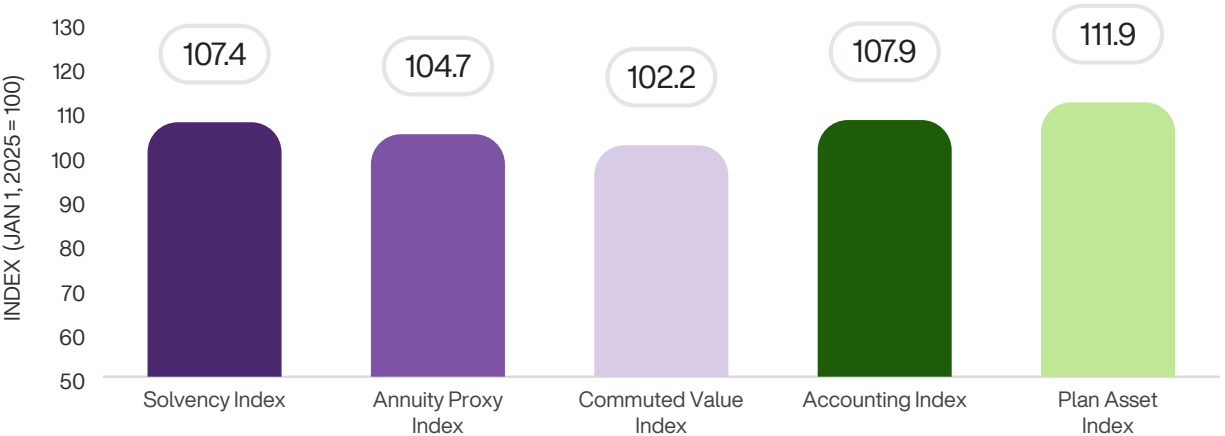
The representative pension plan portfolio returned 0.7% for the month, reflecting mixed performance across equity markets and positive performance in bond markets.

The global developed and emerging equity markets index returned -0.5% in Canadian dollar terms and Canadian equities finished the month with a return of 3.7%.

Both short-term and long-term Government of Canada bond yields remained relatively stable over the month of November. Corporate bond credit spreads also remained stable across all durations.

Market expectations for long-term inflation (the break-even inflation rate) were approximately 1.97% at the end of November, which represents an increase of 0.02% since the end of October.

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“As many Canadian pension plans continue to experience improved funded positions, plan sponsors are increasingly shifting their focus to surplus management”, says Andrea Knoll, Partner and West Region Lead in TELUS Health’s Consulting team.

“With the funded status of the average pension plan continuing to show improvements through the second half of the year, it provides an opportune time for plan sponsors to proactively address the governance and policy questions that arise when plans are in surplus territory. Key among these considerations is intergenerational equity and ensuring that surplus management decisions are fair and balanced across different membership groups, and considering how decisions around benefit improvements, contribution holidays, or surplus withdrawals impact each cohort differently, both in the short and long term.

Developing a surplus management framework is essential to navigate these complex decisions. This framework should clearly articulate the plan’s objectives, establish governance processes for evaluating surplus utilization options, and ensure transparency in how decisions affect different groups. By taking a thoughtful, proactive approach to surplus management now, plan sponsors can position their plans for long-term sustainability while maintaining fairness and equity across all plan members.”

The graphs below show the month-to-month evolution of each index.

Definitions



Solvency index	Provides an indication of changes in the solvency funding level of an average pension plan since the start of the year.
Annuity proxy index	Provides an indication of changes in the estimated annuity purchase premium since the start of the year for obligations with a medium duration.
Commuted value index	Provides an indication of changes in commuted values for members of an average pension plan since the start of the year.
Accounting index	Provides an indication of changes in the accounting funding level of an average pension plan since the start of the year.
Plan asset index	Provides an indication of changes in asset levels for an average pension plan since the start of the year.

Notes on methodology.

The indices show the monthly progression of various indicative pension measures since the start of the calendar year.

Each index is reset to 100 on January 1.

The monthly Asset Index is calculated based on a TELUS Health Benchmark portfolio, 50% equities and 50% fixed income (2% in 91-day T-Bills, 24% FTSE TMX Canada Universe, 24% FTSE TMX Canada LT, 15% MSCI Canada, 35% MSCI ACWI) with monthly rebalancing.

The plan liabilities are for a medium duration pension plan.

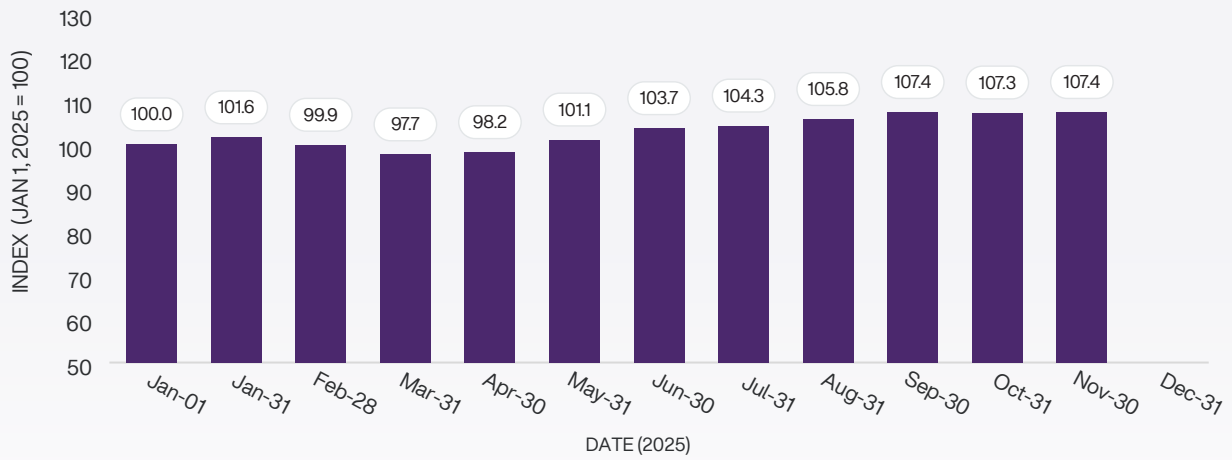
The monthly Solvency Index reflects estimates of solvency liabilities using the latest available Canadian Institute of Actuaries (CIA) annuity purchase discount rate guidance at each publication date.

The monthly Commuted Value Index reflects an estimate of a commuted value for an average plan member using the method for calculating commuted values set out in the CIA's actuarial Standards of Practice.

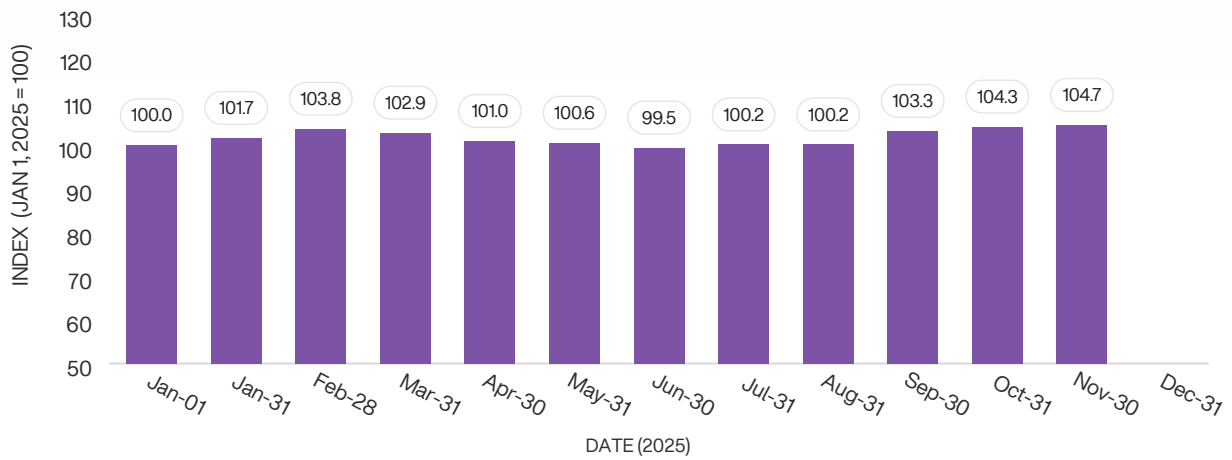
The monthly Accounting Index reflects an estimate of accounting liabilities using a discount rate derived from the TELUS Health AA Corporate Bond Yield Curve.



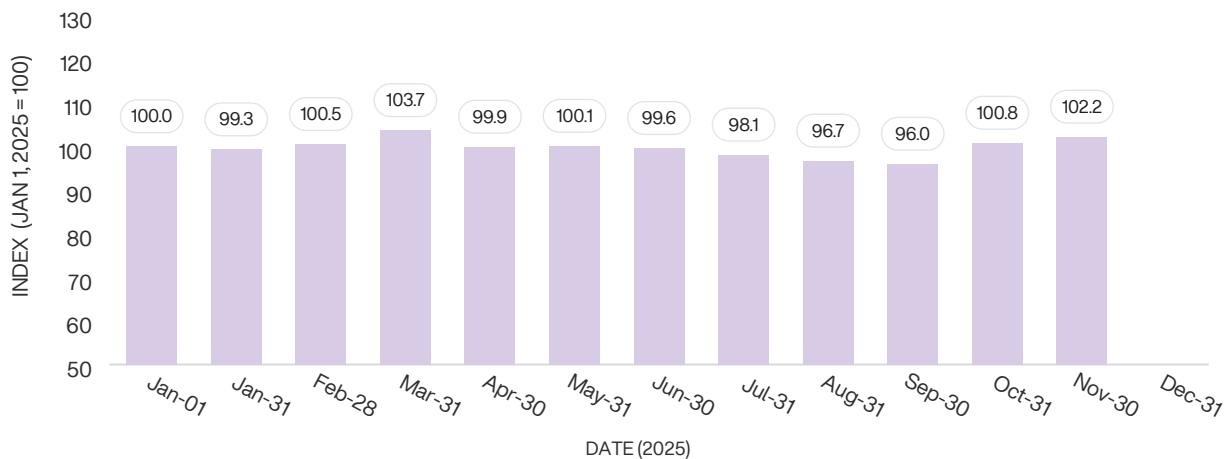
Solvency index



Annuity proxy index

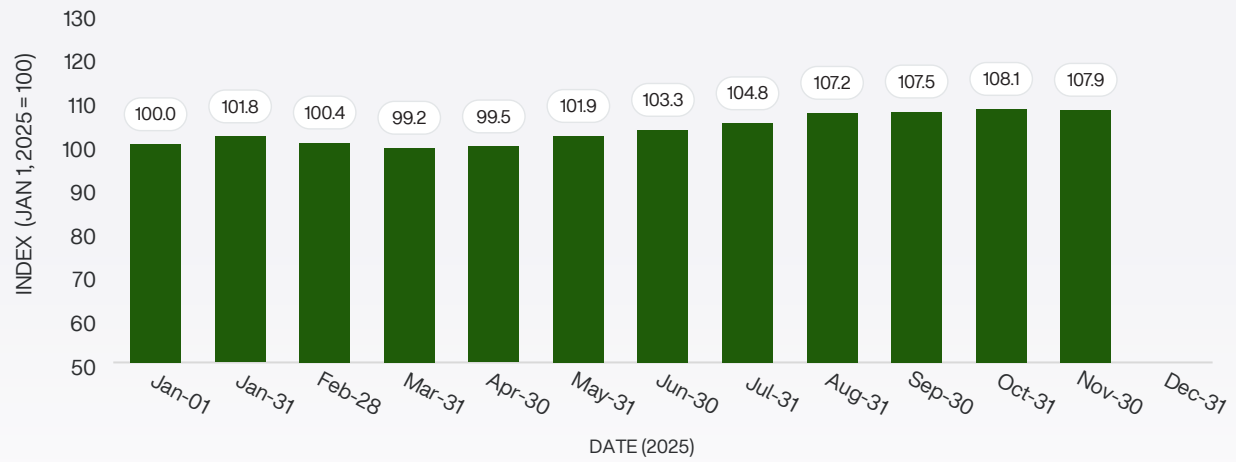


Commuted value index

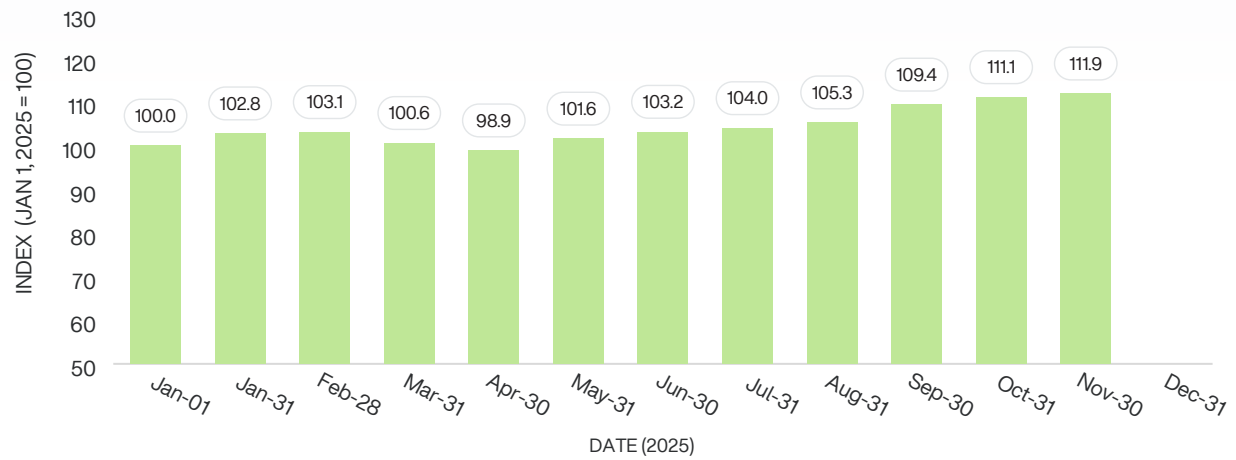




Accounting index



Plan asset index



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